IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION

COMPANY PETITION NO.667 OF 2006
WITH
COMPANY APPLICATION NO.787 OF 2006

In the matter of M/s.
Mafatlal Finance Company
Ltd.

Mafatlal Finance Co.Ltd. .. Petitioner.

Mr.F.T.D'vetre with F.Dubhash i/b Vigil Juris for the petitioner.
Mr.C.J.Joy with G.C.Mishra for Regional Director, Ministry of Corporate Affairs.

CORAM : D.B.BHOSALE, J.
DATED : 13TH JULY, 2007.

P.C.:

. Heard learned counsel for the parties.

2. The sanction of the court is sought to a scheme of arrangement under sections 391 to 394 of the Companies Act, 1956.

3. The learned counsel appearing for the petitioner has invited my attention to the minutes of order dated 28th July, 2006 and more particularly paragraph 8 thereof. Under the minutes of order the quorum for the meeting of the Secured Creditors of the applicant-company was three members present in person and the quorum for the meeting of the

Unsecured Creditors of the applicant-company was two members present in person. Accordingly, a meeting of the secured creditors of the applicant-company was called at 3.00 p.m. on 31st August, 2006. The said meeting was attended either personally or by proxy by eight secured creditors of the applicant-company whose outstandings are in the aggregate Rs.61,81,00,000/-. The result of the aforesaid meeting of the secured creditors of the applicant-company was ascertained by voting on poll. Three secured creditors, whose outstandings are in aggregate Rs.47,04,00,000/- voted in favour of the scheme and two secured creditors whose outstandings are in aggregate Rs.9,10,00,000/- only voted against the scheme. Gujarat State Financial Corportion is one out of these two secured creditors who voted against the scheme. My attention was invited to the list of secured creditors who cast valid votes, voted in favour of resolution. Insofar as unsecured creditors are concerned they all voted in favour of the scheme. Accordingly, the requisite majority as envisaged under section 391(2) of the Companies Act of the secured creditors (including Debenture Holders) and unsecured creditors have approved and agreed to the scheme.

3. The Regional Director has filed an affidavit

and in paragraph 6 thereof has stated that the petition for winding up of the petitioner-company has been filed by Gujarat State Financial Corporation, one of the secured creditors of the company being Company Petition No.939/2004 in this court on 11.10.2004. The said petition for winding up of the petitioner-company has been admitted by this court and is pending for final hearing. The order of admission was carried in appeal being appeal No.912 of 2005 which came to be dismissed by the Division Bench by the order dated 22.11.2005. It is pertinent to note that none appeared before me for and on behalf of Gujarat State Financial Corporation to oppose this scheme. The Regional Director has also stated in the affidavit that the petitioner-company was inspected under section 209A of the Companies Act for the financial year 31.3.2002, 31.3.2003 and 31.3.2004 by the Ministry of Corporate Affairs and the said report is under process. It is further stated in the affidavit that the Director’s report for the financial year 31.3.2003, 31.3.2004 and 31.3.2005 reflected that the company’s application for registration as Non-Banking finance company made in the year 1998 was rejected by the Reserve Bank of India on 24.10.2002 mainly on account of erosion of networth and certain other reasons. Upon perusal of paragraph 6 of the affidavit, in my opinion, none of

the grounds stated therein will disentitle the petitioner from seeking scheme of arrangement. It may be noticed that despite the above averments made in paragraph 6 of the reply the Regional Director has stated that the scheme is not prejudicial to interest of the creditors, share holders and public.

4. There is no objection to the scheme and since all requisite statutory compliances have been fulfilled, company petition no.667 of 2006 is made absolute in terms of prayer clause (a) and (b).

5. The petitioner to pay cost of Rs.2,500/- to the Regional Director.

6. Filing and issuance of drawn up order is dispensed with.

. The parties to act on authenticated copy of this order.

(D.B.BHOSALE, J.)